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DEPARTMENT OF STATE
BRIEFING MEMORANDUM

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TO: The Secretary
FROM: INR - Harold H. Saunders *HF*
EA - Arthur W. Hummel, Jr. *HW*

China

All signs out of Peking point to the near certainty that:

--the coalition of moderates, centrists, and military now headed by Hua Kuo-Feng has over-powered its opposition; and

--Hua will be officially installed over the weekend as Chairman of the Party and its Military Commission.

It remains unclear whether or not he will continue as Premier and who will occupy the other top positions.

Purge of the Left

We are also uncertain about events leading to the purge of the top leftists. It had appeared that their strength on the Politburo, their influence in the media and in a few ministries, and their apparent strength in Shanghai and certain provinces and military regions, as well as the decapitation of moderate forces with Chou's death and Teng's purge, had assured the left of enough clout to hold its own for some time in the post-Mao leadership. We still do not know:

--whether the left was always weak and heavily dependent on Mao, and whether the moderates,

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the centrists, and the military were united against it and just waiting for Mao's death to sweep it away; or

--whether the balance of power may have been altered only very recently--strengthening moderates and the PLA, encouraging Hua and other centrists to abandon efforts to work with the left, and forcing it to take ~~wrash~~ actions that isolated it.

Support for both interpretations can be gleaned from rumors now circulating in Peking, but we lean toward the latter interpretation for several reasons:

--Since last spring, reporting from moderate officials has consistently said that though the moderates out-numbered the left, they had been disheartened by recent events and remained leaderless, thus allowing the left a strong voice at the top.

--Even after Mao's death, foreign diplomats in Peking were told by the Chinese that leftist Chang Chun-ch'iao would become Premier and Hua Kuo-feng would become Party Chairman--reflecting the balance that we had thought existed at the top.

--Several of the rumors now circulating suggest that the left reneged on this compromise, opposed Hua, put forward its own candidate for Chairman, and threatened to launch a nationwide media campaign critical of Hua. As a result, Hua was prompted to link up with the moderates and the PLA in a quick move against the left on October 6 or 7.

Indeed, it now seems clear that events of the past several months had worked against the left and may have led its leaders to believe they had to move quickly to prevent their being shoved aside.

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--July's earthquake further slowed the already lagging anti-Teng campaign and allowed the moderates to refocus national attention on production and the need for unity.

--Hua emerged as a leader in his own right by taking charge of relief activities.

--In addition, he gave national prominence in his work to the PLA at the expense of leftist mass organizations and militia.

--Later, Hua built on this exposure by delivering the eulogy at Mao's funeral and publicly stressing moderate themes of unity.

In these circumstances the top leftists may have felt a need to move swiftly to counter the trend of developments. Some reports suggest that they tried to get promises of support from military and security leaders, perhaps including Li Teh-sheng, Commander of the Shenyang Military Region. Apparently, no such leader was willing to support their move. On the contrary, it seems increasingly likely that the military's support of Hua was a key factor in his defeat of the left.

Hua's Strengths

Hua's rapid rise has been surprising. He benefited from Mao's support at key points in his career, including his appointment as Premier last April. However, he combined his loyalty to Mao with a reputation for being a skilled administrator--able to work well with both left and right. He reportedly made an excellent record in Hunan Province, where he restored agricultural production in the early 1960's and rebuilt the provincial party and government after the Cultural Revolution.

Once in Peking, Hua continued to specialize in agriculture, but he also took on assignments in public security. Though he received much publicity for his role in a national conference on agriculture last year, his role in the investigation of Lin Piao and his designation as Minister of Public Security in 1975 may have been more important for building a nascent political base.

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Recent events seem to suggest that Hua possesses the coalition-building ability needed to ensure his tenure at the top. Though there is little doubt that he was in the right place at the right time to become Chairman, he still had to make the connections necessary to regroup moderate forces and isolate key leftists. Once formally confirmed as Chairman, he will be better able to firm up current alliances and build his own base of support. His key role in overseeing the collection and editing of Mao's works, as well as the assertion now surfacing that he was Mao's choice for Chairman, will give him a good opportunity to mold Mao's legacy to solidify his position and promote his policies.

Continuation of Decisive Issues--Domestic Affairs

The moderate, centrist, and military coalition that Hua now leads will have to:

- decide the scope and intensity of the campaign against the left;
- devise means of coping with local factionalism, disorder, and production difficulties.
- map a program to deal with China's long-term problems (there has been a lack of direction for about a year).

The Hua-led coalition will probably emphasize hierarchical, bureaucratic control (i.e., with little mass participation) and pragmatic economic policies.

The purge of the left has probably muted the sharp divisions evident in the Politburo in recent years and may narrow the range of debate over key issues. However, the purge by itself has not settled any of the basic issues that have been divisive in the past, and arguments about maintaining ideological purity and preventing revisionism are certain to surface again.

Mao left China with a contradictory legacy best exemplified by the perennial red vs. expert, or ideologue vs. pragmatist, debate. He shaped over 40 years of Chinese Communist history, and debate over issues and personalities will probably continue to take place within the broad framework of his thought. More radical Maoist values and

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precepts will probably retain the support of the society's "disadvantaged"--such as youth, lower-level bureaucrats, and low-skilled workers--and it is reasonable to assume that such constituencies eventually will attract or generate new leaders.

Indeed, it is quite likely that the new leadership lineup will include people who hold some of these values, if only because Hua and his top associates will want representatives of youth and the masses on the Politburo. While some of the "old-line" moderates will probably reappear, Hua himself is from a new generation and probably sees the need to develop younger leaders. (One such youthful member of the Politburo, Wu Kuei-hsien, who rose to her position as a "leftist" leader of a mass organization during the Cultural Revolution has already reappeared in the last few days, having apparently survived the purge.)

Moreover, although the new coalition may be temporarily united against the left, differences about how to deal with China's problems will undoubtedly arise, thanks not only to persisting ideological differences but also to competing personal ambitions and regional and institutional interests. The coalition will be confronted with conflicting policy recommendations on the numerous issues that China, like other developing countries, faces, for example:

- whether investment should be allocated primarily to agriculture and light industry, or to heavy industry;
- whether investment should be distributed to relatively undeveloped areas, or concentrated in more advanced regions (e.g., Shanghai and Manchuria);
- whether technological progress should depend primarily on self-reliance, or on foreign acquisitions;
- whether the educational system should continue to stress egalitarianism and political values, or quality.

Until the members of the new leadership team are named, we cannot tell which ones will advocate which policies.

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Military Issues

Of the many potentially contentious issues, those relating to the PLA will be particularly important to watch. The allocation of resources for defense has been sharply debated in recent years, and there is no reason to believe that that debate will disappear with the purge of the left. China has undertaken a military modernization program in the last year, and as defense costs rise, some bureaucrats are sure to argue that civilian industry and agriculture be favored at the expense of the PLA. As in the past, such debates may take place in the context of argument over the proper mix of "people's war," advance weaponry, and conventional forces needed for China's defense.

Related to this debate is the overriding issue of party-military relations. Over the past year, as China's top civilian leadership has been decimated by purges and deaths, the military probably has played an increasingly important role in succession politics. (Indeed, several PRC cadre have stated that the rapid purge of the left would not have been possible without the support of the Peking Military Region Commander, Ch'en Hsi-lien.) We do not know what concessions, if any, Hua offered the military to gain its support, but it has apparently regained much of the important political role that it held vis-a-vis the party after the Cultural Revolution disruptions of the late 1960's. At a minimum, military figures are likely to be very prominent in any new leadership line-up.

Foreign Policy

The leftists' ouster is unlikely to result in significant changes in foreign policy. In the 1970's moderates have dominated formulation of foreign policy--albeit under constraints from leftist criticism--and have strongly supported the twin pillars of the PRC's foreign policy: unyielding opposition to the USSR and improved relations with the West. However the new leadership will probably correct certain shifts in nuance that became evident earlier in 1976, apparently as the result of increased leftist influence:

--Criticism of expansion of Soviet military and political influence will continue as the moderates stress their strong "Maoist" anti-Soviet credentials,

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but criticism of Soviet domestic policies (a technique often used by the left to castigate their foes in Peking as well as Moscow) is likely to increase.

--We have already noticed evidence of a retreat from the tougher stance on the liberation of Taiwan presented by leftist Chang Ch'un-ch'iao in July. Earlier this month, Vice Premier Chi Teng-kuei, talking to the Canadian Ambassador, and Vice Premier Li Hsien-nien, speaking to Senator Mansfield, referred again to the possibility of peaceful as well as forceful means of liberation and made clear that reunification was not urgent. This line will probably continue.

--There has also been less direct criticism recently of US progress toward normalization of relations, but the Chinese have not returned to the unambiguous 1975 message of "patience." Since that message was tied to the US Presidential election, there may well be renewed pressure from Peking if there is no further progress on normalization within a reasonable period.

--With regard to foreign trade and technology, clandestine and other reports since the purge have already indicated that the more outward-looking policy set forth at the January 1975 NPC will again become the norm. However, economic realities preclude any rapid changes in performance.

While the new regime will continue to see the USSR as the primary strategic threat to and political competitor of China, it will be less likely than the left to risk provoking the USSR. Toward this end, it might eventually seek a limited reduction in the level of Sino-Soviet hostility, perhaps through agreement to set aside the border issue for the time being. Moreover, despite continuing ideological differences and political competition, a moderate coalition would be more willing than the left to improve relations if the USSR would reduce its military forces along the border and refrain from political provocations in Sinkiang.

Despite these predilections on the part of the moderates, their options will remain severely constrained by China's weak international position. Chinese foreign policy will

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continue to be primarily reactive to international developments. Moreover, even with the removal of the left from power, certain key issues will engender debate in the leadership, although the differences are likely to be tactical rather than basic. For example:

- While moderates and military tend to agree on the nature of the Soviet threat and the need for closer political and economic relations with the West, there remains much room for disagreement over the likelihood of actual Soviet attack and the proper mix of diplomatic maneuvers and defense preparations by which to meet the threat.
- The trustworthiness of the US in countering Soviet power and refraining from "collusion" with the USSR against China's interests will also continue to prompt debate.
- Another likely contentious issue will be the degree to which economic, ideological, and foreign policy considerations may allow for export of China's resources, imports of foreign equipment and technology, and participation in international economic matters.

In sum, the purge of the left will enable the leadership to move beyond the stalemate of the past year, but potentially divisive problems--primarily domestic--will undoubtedly surface again in the near future.

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Informed: S/P - Mr. Lord

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